Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

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PAGE 01 STATE 031493

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DRAFTED BY ARA/ECP:EMCOHEN:JD
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COMMERCE:OIM/BIC:WSLYNCH
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FM SECSTATE WASHDC
TO AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A
TAGS: BEXP, AFSP, HO
SUBJECT: FY 1974 COMMERCIAL ACTION PROGRAM (CAP) - HONDURAS

REF: (A) TEGUCIGALPA A-120; (B) TEGUCIGALPA A-132; (C) STATE 236602; (D) STATE 234462; (EG TEGUCIGALPA 4653

1. ACTION STAFF FOR HONDURAS CAP HAS BEEN ESTABLISHED AS FOLLOWS:

FROM STATE - ARA/CEN, OFFICER IN CHARGE OF HONDURAN AFFAIRS, MICHAEL W. COTTER; ARA/ECP, DEPUTY REGIONAL COMMERCIAL COORDINATOR, EDWARD M. COHEN; EB/CBA/OCA, LIAISON OFFICER FOR ARA, JOHN SIMMONS.

FROM COMMERCE - OIM/BIC, DEPUTY ASSISTANT DIRECTOR, WILLIAM S. LYNCH; HONDURAS COUNTRY SPECIALIST, ROBERT STERN.

FROM USIA - ILA, HONDURAS PROGRAM OFFICER, JOHN CORR.

UNCLASSIFIED

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PAGE 02 STATE 031493

2. ACTION STAFF HAS CAREFULLY REVIEWED EMBASSY'S PROPOSED

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

COMMERCIAL PROGRAM FOR CY 1974 (REFAIR A, AS SUPPLEMENTED BY REFAIR B), AND SUBMITS FOLLOWING COMMENTS:

(A) AS ALREADY INDICATED IN REF. C, EMBASSY'S INITIATIVE IN SUBMITTING COMPREHENSIVE, DETAILED COMMERCIAL PROGRAM HAS BEEN HIGHLY APPRECIATED HERE. ON THE WHOLE, WE VIEW THE PROPOSED PROGRAM AS BEING COMMENDABLY AMBITIOUS, REALISTIC AND WELL-PREPARED.

(B) AFTER EMBASSY HAD SUBMITTED THE PROGRAM, REFTEL D WAS CIRCULARIZED TO ALL EMBASSIES AND OTHER PRINCIPAL POSTS THROUGHOUT ARA REGION, REQUESTING EACH TO PREPARE A COMMERCIAL ACTION PROGRAM (CAP) FOR FY (REPEAT FY) 1974. SINCE EMBASSY TEGUCIGALPA'S PROPOSED PROGRAM ENCOMPASSED EVEN MORE OBJECTIVES AND ACTIONS THAN OTHER POSTS WERE BEING REQUESTED TO FORMULATE, EMBASSY WAS EXEMPTED (VIA REFTEL C) FROM THE CIRCULAR REQUEST FOR CAPS. AS RESULT, EMBASSY'S PROPOSED PROGRAM, WHILE BEING BROADER THAN ANY OF THE OTHER POSTS' CAPS, IS IN SOME RESPECTS NOT AS SHARPLY FOCUSSED AS REFTEL D HAD REQUESTED THAT SUCH PROGRAMS BE. (THIS COMMENT IN NO WAY REFLECTS ADVERSELY ON EMBASSY, OF COURSE, SINCE EMBASSY HAD NOT BEEN GIVEN GUIDELINES AS PER REFTEL D IN ADVANCE OF EMBASSY'S FORMULATION OF PROGRAM.) A BASIC PRINCIPLE UNDERLYING THE GUIDELINES IN REFTEL D IS THAT A COMMERCIAL PROGRAM SHOULD FOCUS ITS EFFORTS ON A FEW PROMISING PRODUCT LINES OR SERVICES, RATHER THAN BE SPREAD WIDELY BUT THINLY.

(C) AT THIS LATE STAGE IN FY 1974, WE SEE NO POINT IN ATTEMPTING TO HAVE EMBASSY'S PROPOSED PROGRAM REFORMULATED SO AS TO BE IN SAME FORM AS OTHER POSTS' CAPS OR TO BE AS FINE-FOCUSSED AS REFTEL D REQUESTED THAT THEY BE. INSTEAD, WE HAVE OBTAINED STATE/COMMERCE/USIA CONCURRENCE THAT EMBASSY'S PROGRAM, WITH SOME CLARIFICATIONS AND MINOR REVISIONS AS PROPOSED BELOW, BE CONSIDERED AS CONSTITUTING THE FY (REPEAT FY) 1974 CAP FOR HONDURAS; ON THE UNDERSTANDING THAT IN IMPLEMENTING IT DURING THE BALANCE OF FY 1974 THE EMBASSY WILL CONCENTRATE ITS EFFORTS ON THE MOST PROMISING FOUR OR FIVE TARGET INDUSTRIES OR TARGETS OF OPPORTUNITY (I.E., ON FOUR OR FIVE U.S.
UNCLASSIFIED

PRODUCTS OR SERVICES THAT APPEAR TO HAVE THE BEST PROSPECTS FOR INCREMENTAL SALES IN HONDURAS IN THE NEAR FUTURE), AND THAT FOR FY 1974 THE EMBASSY WILL PREPARE A SUBSEQUENT CAP UPON RECEIPT OF GUIDELINES WHICH ARE SHORTLY TO BE CIRCULARIZED TO ALL PRINCIPAL POSTS IN THE ARA REGION.

(D) ACCORDINGLY, RE OBJECTIVE 1.11, ACTIONS A AND B, WE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

PROPOSE THAT EMBASSY PROMPTLY SELECT AND IDENTIFY TO US
FOUR OR FIVE OF THE "BEST PRODUCT CATEGORIES" (FROM AMONG

THOSE LISTED IN THE PROGRAM'S APPENDIX A) WHICH ARE TO
RECEIVE HIGHEST PRIORITY FOR THESE AND MOST OTHER EXPORT-
EXPANSION ACTIONS.

(E) RE 1.11-C, EMBASSY SHOULD BEAR IN MIND THE LONG LEAD
TIME-AT LEAST SIX MONTHS-REQUIRED FOR COMMERCE TO ARRANGE
A TRADE MISSION OR TECHNICAL SEMINAR. WE ENCOURAGE EMBAS-
SY TO PROCEED UNDER THIS FY 1974 CAP TO SUBMIT DETAILED,
DOCUMENTED RECOMMENDATION FOR SUCH A DIRECT-PROMOTION
EVENT TO BE HELD, BUT WITH VIEW TO HOLDING THE EVENT
SEVEN OR MORE MONTHS LATER, DURING FY 1975.

(F) RE 1.3-B, WE NOTE THAT THE ACTION HAS IN EFFECT BEEN
UNDERTAKEN THROUGH THE ESTABLISHMENT OF THE COUNTRY TEAM
TASK FORCE AS REPORTED IN REFTEL E.

(G) RE 1.3-D, WE VIEW THIS AS IMPORTANT ADJUNCT TO THE
ACTIONS OUTLINED UNDER 1.4. WE PROPOSE THAT EMBASSY
PROMPTLY SUBMIT REVISED TEXT FOR 1.3-D, SPECIFYING THE
WAYS AND MEANS BY WHICH MARGINAL ACTIVITIES ARE TO BE
DOWNGRADED OR ELIMINATED.

(H) RE 1.3-E, WE NOTE EMBASSY DID NOT (REPEAT NOT)
REQUEST FUNDS FOR THIS ACTION IN ITS SPECIAL FINANCIAL
PLAN DATED DECEMBER 7, 1973. WE THEREFORE ASSUME
EMBASSY EITHER HAS CONCLUDED THAT THIS PROPOSED HIRING OF
A PART-TIME BILINGUAL CLERK-TYPIST IS NOT FEASIBLE, OR
HAS DECIDED THE FUNDING FOR IT COULD BE REPROGRAMMED OUT
OF THE EMBASSY'S ALREADY-AVAILABLE RESOURCES. PLEASE
CLARIFY WHETHER AND HOW THIS HIRING IS TO BE EFFECTED.
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(I) RE 1.3-F (REFAIR B), EMBASSY MAY WISH TO CONSIDER
ADOPTING A MEASURE ALREADY IN EFFECT AT SOME OTHER ARA
POSTS, NAMELY: ASSIGN RESPONSIBILITIES TO SELECTED
POLITICAL OFFICERS (OR OTHER KINDS OF OFFICERS, IF AND
WHEN AVAILABLE FOR THIS PURPOSE) TO DEVELOP CONTACTS
AMONG BUSINESSMEN AND GOVERNMENTAL AND QUASI-GOVERNMENTAL
DECISION-MAKERS IN PARTICULAR SECTORS OF THE ECONOMY,
EACH SUCH OFFICER HAVING ONE OR MORE WELL-DEFINED SECTORS
EXCLUSIVELY ASSIGNED TO HIM OR HER; REQUEST EACH SUCH
OFFICER TO PREPARE FROM TIME TO TIME DESK STUDIES OR
OTHER USEFUL REPORTS ON THE LOCAL MARKET FOR SPECIFIC
U.S. PRODUCTS OR SERVICES IN HIS OR HER ASSIGNED SECTORS;
AND STIPULATE THAT EACH SUCH OFFICER WILL DEVOTE AN AP-
PROPRIATE PORTION OF HIS OR HER WORKING HOURS (PREFERABLY,

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

CERTAIN DESIGNATED MORNINGS AND/OR AFTERNOONS OF EACH WEEK) TO THESE COMMERCIAL INTELLIGENCE AND REPORTING FUNCTIONS. IF THE EMBASSY FINDS IT POSSIBLE TO WORK OUT

DEFINITIVE ARRANGEMENTS ALONG THESE LINES, PLEASE REPORT THE ARRANGEMENTS TO US SOONEST.

(J) RE 1.31, WE ARE GRATIFIED INDEED TO NOTE THE ACTIVE ROLE USIS HAS UNDERTAKEN IN THE CAP.

(K) RE 1.4, PLEASE SEE OUR COMMENTS UNDER SUB-PARA G, ABOVE. RE 1.4-C, STATE AND COMMERCE NOW TEND TO VIEW WTDRS AS RELATIVELY UNPRODUCTIVE USE OF AVAILABLE FUNDS AND MANPOWER, AND HAVE RECENTLY AGREED THAT THE PRICE CHARGED FOR A WTDR SHOULD BE INCREASED SUBSTANTIALLY, FROM 5 DOLLARS TO 15 DOLLARS, SO AS TO REDUCE THE DEMAND FOR THEM. WE THEREFORE PROPOSE REVISION OF 1.4-C, TO MAKE IT READ: "RESTRAIN OUTPUT OF WTDRS, ELIMINATING VOLUNTARY PREPARATION OF THEM EXCEPT WHEN EMBASSY DEEMS THEM HIGHLY USEFUL IN SUPPORT OF OTHER OPERATIONS." CON-COMITANTLY, WE PROPOSE THAT IN PROGRAM'S APPENDIX B, ITEM 3-A, THE COLUMN SHOWING "OPTIMUM" FIGURE FOR WTDRS BE ELIMINATED.

(L) RE 1.5-A, -B AND -I, WE ARE PLEASED TO NOTE THAT EMBASSY HAS BEEN ALLOTTED SUBSTANTIAL INCREASES IN FUNDS
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FOR THESE ACTIONS, VIA STATE'S DS-150-A, "ADVICE OF ALLOTMENT," CHANGE 1, DATED DECEMBER 28, 1973.

(M) RE 2.1-A, THE EMBASSY MAY WISH TO CONSIDER, IF IT HAS NOT ALREADY DONE SO, REQUESTING EACH MEMBER OF THE "LOOKOUT STAFF" - I.E., OF THE COUNTRY TEAM - TO REPORT ONCE A MONTH, AT A COUNTRY TEAM MEETING, ON CURRENT AND PROSPECTIVE MAJOR COMMERCIAL OPPORTUNITIES DETECTED IN HIS OR HER RESPECTIVE FIELD OF RESPONSIBILITY. THIS TECHNIQUE HAS BEEN IN OPERATION AT EMBASSY BOGOTA UNDER THE PILOT CCP FOR COLOMBIA, AND A NUMBER OF OTHER POSTS HAVE RECENTLY ADOPTED IT.

3. PLEASE RESPOND TO THE ABOVE PROPOSED CLARIFICATIONS AND REVISIONS BEFORE MARCH 15, THE ACTION STAFF ALSO LOOKS FORWARD TO RECEIVING THE MONTHLY REPORTS OF THE COUNTRY TEAM TASK FORCE, AND WE ENCOURAGE THE EMBASSY TO COMMUNI-CATE WITH EACH OR ANY OF US WHENEVER THE EMBASSY FEELS A NEED FOR SPECIAL SUPPORT IN WASHINGTON ON A MATTER OF IM-PORTANCE FOR THE SUCCESS OF ITS COMMERCIAL ENDEAVORS. RUSH

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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EO Systematic Review
30 JUN 2005

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